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## CURRENCY DISCUSSION IN MASSACHUSETTS IN THE EIGHTEENTH CENTURY.

### I.

IN October, 1884, Mr. J. Hammond Trumbull, in the Council Report of the American Antiquarian Society, gave an account of some early attempts at banking in Massachusetts. This report was separately published under the title *First Essays at Banking, and the First Paper Money in New England*. In the fifth volume of the *Narrative and Critical History of America* Mr. Winsor, in an editorial note to the chapter on Finance and Revenue, briefly reviewed several of the more important of the contemporaneous pamphlets of that period devoted to the discussion of banking and currency. In the third volume of the publications of the Colonial Society of Massachusetts the writer has given a narrative of the events connected with the establishment and overthrow of the Land Bank of 1740, under the title *Provincial Banks, Land and Silver*. The purpose of the present inquiry is to follow, somewhat more in detail than is done in either of the foregoing, contemporary discussion in the province of the Massachusetts Bay upon the subject of banking during the period covered by the various experiments which led up to the Land Bank of 1740. This discussion makes a curious and suggestive chapter in the history of economic thought in the United States. Its direct outcome was the attempt then actually made to establish a currency based upon land; and, as the history of that attempt is somewhat obscure, it may be helpful to give also a brief sketch of the more important events connected with the Land Bank and Manufactory Scheme.

It is not material for our purpose to review all the discussions on this point during the seventeenth century which have been disclosed through the acuteness of Mr. Trumbull in the paper to which reference has just been made. The first attempt to form a bank, which left traces behind it of sufficient clearness to give us an idea of the opinions of the projectors, was actually made in 1686. After this there was a lull for a little over a quarter of a century, until 1714, when another effort to establish a bank was made. The failure at that date was followed by another lull of nearly the same length, and was broken by the organization of the Land Bank.

All three of these schemes had for their foundation a pamphlet originally published in London. It is this unity of their origin which compels us to include the bank of 1686 in any investigation of the banks of 1714 and 1740. The pamphlet which furnished the project thus made use of by all three of these banks was reprinted by the projectors of the bank of 1714. The imprint reads: "London: Printed in the year 1688. Reprinted at Boston in New England, in the year 1714." There are in our libraries copies of the London pamphlet, with the date 1688 in the imprint, but none of an earlier date. Nevertheless, the identity of the language used in the pamphlet as printed in 1688 with that in some of the documents connected with the bank of 1686, which are in the Archives, makes it certain that the person who prepared these papers had this pamphlet before him. Hutchinson says the bank of 1714 was based upon a project published in London in 1684.\* This date has been assumed to be a misprint, but in all probability it

\* Hutchinson, *History of the Colony of Massachusetts Bay*, ii. 207. The statement that this pamphlet was printed in London in 1684 is also made on p. 5 of a pamphlet entitled *A Brief Account of the Rise, Progress, and Present State of the Paper Currency of New England and of the Measures taken by the Massachusetts Province for establishing a Silver Currency for the Future. Together with Some Proposals for rendering those Measures More Effective.* Boston, 1749.

is right. The pamphlet of 1688 was doubtless a second edition of that printed in 1684.

In the Massachusetts Archives there is a draft of a concession, or grant, from the President and Council, bearing date September 27, 1686, from which we learn that on the 3d of July, 1686, the Council referred to a grand and standing committee, consisting of divers eminent and wealthy persons, merchants and others, for their consideration and report, a proposal for a bank, which, together with a constitution, model, and frame of rules, had been previously submitted to the Council by John Blackwell. Whether this draft of an act ever was formally adopted and passed by the Council is of little importance. There can be no doubt that in its pages we find the opinions of the Council and of the committee of merchants; and from them, and from so much of the constitution as is left to us, we can gain an idea of the opinions of the time.

The decay of trade, the obstructions to manufactures and commerce, and the multiplicity of debts were attributed to the scarcity of coin. Silver having been transported from the colony, some other medium must be found. Such a medium, it was suggested, could be found in bank bills or bank credits issued by persons of estate and known integrity and reputation. The scheme submitted by Blackwell was for the establishment "of a Bank of Credit, Lumbard, and Exchange of Moneys by persons of approved integrity, prudence, and estate in this country, wherein such a foundation is laid for delivering out bills or giving credit on such real estate of lands, as also personal estate of goods and merchandise, not subject to perishing or decay by ordinary occurrences." It was approved by the committee, who thought it would be "very useful and conduceable to the encouraging of trade, navigation, manufactures, planting, and improving of lands and estates, increasing of his Majesty's revenues,

facilitating the payment thereof, and of other debts, and removing the present greatest obstruction thereto." The Council on their part accepted the report, and thought the plan would tend to his Majesty's service, if countenanced by authority; acknowledged "the said proposal as a public and useful invention for this country," and declared "their approbation, allowance, and recommendation thereof"; promised "the countenance of his Majesty's authority, respect, and assistance," and engaged "not to molest, hinder, or interrupt the said bank or managers thereof in any of their lawful doings therein according to the said constitution." These recommendations, agreements, and engagements, with regard to the bank, were followed by an assertion that the Council held it to be reasonable that such bank bills should "be esteemed as current moneys in all receipts and payments, as well as for his Majesty's Revenue, by the Treasurer and Receivers thereof, as any other occasion for moneys whatsoever, in common trade and dealings," thus giving to the bills which the bank should issue a quasi legal tender function.

The organization which was outlined was much too complicated for a feeble country bank. Provision was made for assessors and for managers. The former seem to have been intended as a power behind the throne. From their number were to be chosen a comptroller and a deputy comptroller. The managers were to be classified as principal managers and deputy managers. A master, an assistant master, three trustees, and two treasurers were to be selected from the first of these two divisions. Besides these there were to be an accountant and his clerk, a secretary and his clerk, a register general, and an agent at the court in England. There was also a provision for a specified number of candidates from whose ranks vacancies in the assessors and managers could be filled.

The profits were to be divided into one hundred and

twelve parts, one hundred of which were to be distributed among the assessors, managers, and officers above mentioned; while the remaining twelve were to be paid to the assessors for friends to the bank,—“I know not who,” remarks the writer in parenthesis. Joseph Dudley, writing in December, 1687, says with regard to the unknown shares that it had at that time been sufficiently intimated for what they were intended; and he adds, “Further speech about the matter I judge not convenient until we are further advanced and have received your express direction to attend a very good and large dividend of profit.”

It was provided that each of the twenty-one principal managers should advance £500 in several payments, making in all £10,500. But this apparent contribution towards a cash capital is modified by a note as follows: “Note that goods may be deposited in the banks the £500 wch each one is to put in, if they please, instead of lands, and according to the rules of the bank, which sd goods or lands, or other lands or goods of like value in lieu of them, are to be continued in bank as a security stock, and foundation and patteren for encouraging of others to deal with the bank.” The underlying idea of this probably is that the deposits were as security for loans to depositors; and, if so, it was, of course, a practical abandonment of the idea of a cash capital, if, indeed, it was ever contemplated that such an interpretation could have been put upon the section of the constitution in question.

The portion of the constitution which is preserved, and certain modifications thereof (suggested apparently in 1687), show that there was some difficulty in securing the requisite number of suitable persons to effect the organization upon the plan indicated in the constitution. It was apparently determined to proceed with the power lodged in the hands of four assessors. These are designated by initials; and the papers indicate very clearly that three of these were Joseph Dudley, president of the

Council from May to December, 1686, and afterward a member of the Council; William Stoughton, a member of the Council; and John Blackwell, the projector of the scheme. "W. W." could only have been Wait Winthrop, another member of the Council. From all this it is obvious that the founders of the proposed bank in 1686 relied mainly upon government approval and support. If Dudley had not judiciously curbed his speech, we could better tell how that support was to have been secured.

It has been already stated that the draft of the act approving the bank unquestionably represents the opinion of the Council in 1686. Dudley's letter of December 2, 1687, from which a quotation has been made, shows that at that date he and Stoughton were still in favor of the bank, and regarded it as upon the eve of beginning operations. Yet in July, 1688, Blackwell says the whole thing had been abandoned. The rolling-press had been returned to be sold; and naught remained of the company save a claim for compensation for "framing of the rolling-press, etc., as afterward in using it for tryall of the plates and printing off some bills," another "for paper and for the large skins of parchment chosen out and taken thence by Mr. Addington and me [Blackwell] for engrossing the Articles of Agreement between the assessors and managers," and still another for "writing out the abstracts of the book intended to be printed."

It was, no doubt, a consequence of this abandoned scheme that in June, 1700, a joint committee of the Assembly was appointed "to consider of methods for the reviving and support of trade and commerce, and to enable the inhabitants of this Province to pay publick taxes by endeavoring to find out some suitable medium to supply the scarcity of money." One of the remedies suggested by this committee was a bank of credit, having a monopoly of the power to make and emit bills of credit during the term of the bank. The committee also recom-

mended "that no person shal or may buie any of sd Bills under the value therein expresst, on penalty of forfeiting the vallue of the same so expresst in sd Bill or Bills." These recommendations, rejected though they were by the General Court, show that belief in the power of legislatures to maintain degraded currencies is not of recent birth.

The next effort to secure from the Assembly authority to establish a bank of issue was made in 1714. Before proceeding to the consideration of this affair, a few words should be said in explanation of the relations of the Province to the currency then in circulation.

The emission of government bills had been inaugurated under the Provisional Government in 1690. They were mere certificates of indebtedness on the part of the government, receivable by their terms in payment of government dues. They were originally put forth in anticipation of taxes, and provision in the tax levy was made each year for calling them in promptly. It was not the custom to destroy the notes when returned to the treasury; but they were from year to year reissued, a practice which was continued for several years under the Province charter. This currency was generally spoken of as Colony or Old Charter bills. In 1702 this practice of reissuing the Colony bills was discontinued, and bills of the Province were substituted.

When the government first offered its notes to creditors in place of coin, they were received with distrust. But when it was seen that no effort was made to circulate more of them than were required to meet the immediate necessities of the situation, and that no attempt was made to postpone the period when they should be called in, they were accepted with confidence by the entire community. So long as this conservatism on the part of the government continued, the bills circulated at par. With the Province notes of 1702 came a change. The amounts



annually issued steadily increased; and the designated tax levies, through which they could be returned to the treasury, were postponed from year to year. In 1714 it was provided that the issue then made was not to be called in by taxation until 1720. The career of depreciation of these notes began very soon after this system of postponement was inaugurated. By 1714 the discount had reached thirty per cent. Silver and gold had been displaced by the Provincial notes, and the effect of the discount, in reducing the purchasing power of the only medium of trade then in circulation in the Province was to raise a cry for more notes. It was to remove the difficulties in the way of trade caused by the scarcity of money that a bank of issue was proposed in 1714.

In furtherance of their scheme the promoters of the bank reprinted the London pamphlet of 1688, to which reference has already been made.\* The preface to the Boston reprint of 1714 describes its contents as a scheme for a bank of credit founded upon land security. Money, the writer says, whether gold or silver, is but a measure of the value of other things, and was occasioned by the inconvenience of common barter. The "balance of the surcharge of goods imported" is adjusted by traders by the remittance of coin, which has occasioned in many countries an insufficiency of money. Some of those who have studied how to supply this deficiency have happily pitched upon that of banks, Lombards, and exchange of moneys by bills. Such banks could better be managed by private persons of known integrity, prudence, and estates. The best foundation for such an attempt is that of real and personal estate instead of "the species of gold and silver." The way to organize such a bank is for a

\* *A Model for erecting a Bank of Credit, with a Discourse in Explanation thereof. Adapted to the Use of any Trading Country where there is a Scarcity of Moneys; more especially for his Majesties Plantations in America.* London. Printed in the year 1688. Reprinted at Boston in New England in the year 1714.

considerable number of persons, some of each rank, trade, calling, and condition, in the principal places of a country, to agree voluntarily to receive as ready moneys of and from each other and from any persons in ordinary dealings, bank bills of credit signed by several persons together in a partnership, given forth on lands of good title mortgaged, and staple, imperishable goods, and merchandise deposited, to the value of about one-half or two-thirds of the respective mortgages and deposits.

The management of such a bank should be in the hands of one-and-twenty persons, whereof seven should be called principal managers, and should be the executive officers of the partnership. There should also be a number of "assessors," who should have the oversight and control of the whole affair. Each partner should be required to deposit either money or property of some sort in the bank as security for his upright dealings, and to answer damages to the extent of his respective share.

The bills should be signed by two or more of the partners who were to oblige themselves, and all and every their partners to accept the same for so much current moneys as should be in them mentioned, in redemption of any estate in said bank. It was specifically set forth that no person should be compelled to accept bank bills of credit unless he should voluntarily agree to do so. Provision was made for closing the bank by creditors or by the managers. In such event, bills remaining in possession of the bank which were issued on real or personal security were "to be esteemed and passed as current moneys of the value of the present coin in all receipts and payments whatsoever during the said term." It may be assumed that this clause refers only to bills for which the bank still retained security, and is not intended to assert the power of reissue after the original loan had been paid.

Borrowers from the bank who should redeem their pledges in specie ought to be charged an addition of

forty shillings on every hundred pounds, since the managers of the bank did not "desire the ingrossing of coin or streightning men's occasions thereby."

The following imaginary question is propounded in the pamphlet: Can I have money for bank bills when I have occasion? To this the pamphleteer responds: "'Tis not propounded to be a bank of money (which is liable to inexpressible and unforeseen hazards), but of credit to be given forth by bills; not on money advanced, as in other banks, but (on lands or goods, as aforesaid) to supply such as cannot get money (by reason of its scarcity) with such as may be had for money."

The foregoing bank proposal of 1714 was unmistakably a repetition of Blackwell's bank scheme of 1686. But the promoters also prepared a separate scheme of their own, which they published in pamphlet form.\* It was in the nature of an agreement between the subscribers thereto, and was dated October 30, 1714. It opened with a recital of the decay of trade, and alleged that there was no other expedient for revival than the establishment of a fund or bank of credit, which might give the bills issued therefrom a general currency. The limit of the subscription was set at £300,000; and every subscriber was to settle and make over real estate to the value of his respective subscription to the trustees of the partnership, or bank, to be and remain as a fund or security for the bills emitted therefrom, such emission not to exceed the subscription. The subscribers agreed to give currency to the bills thus emitted on the same basis as that given to the Province bills. Persons not subscribers could borrow bills or have credit at the bank on furnishing proper security. The interest to be paid on loans made by the bank was fixed at five per cent., and prudent limits were set for the proportionate sums which could be lent upon the securities deposited

\* *A Projection for erecting a Bank of Credit in Boston, New England, founded on Land Security.* Printed in the year 1714.

with the bank. There were to be seven trustees; seven directors, one of whom was to be president; one treasurer, who was required to give bonds; one head clerk and one under clerk, from whom also security was required.

The form of the bill which it was proposed to issue was as follows:—

This indented bill of credit obliges us and every of us, and all, and every of our partners of the Bank of credit of Boston in New England, to accept the same in lieu of twenty shillings, in all payments, according to our articles of agreement; and that it shall be so accepted by our Receiver or Treasurer, for the redemption of any pawn or mortgage in the said Bank.

Boston, November first, One thousand seven hundred and fourteen.

It was proposed that out of the net profits £400 per annum should be given for a charity school in Boston, provided the inhabitants and freeholders voted to accept the bills for town taxes and assessments. Certain amounts were to be given annually to Harvard College and to each county for educational purposes.

From controversial pamphlets which appeared at that time it seems that in February of that year the promoters of this scheme, after having consulted with the governor and the secretary of the Province, presented a petition to the General Court for the necessary powers to carry out their programme. They were seeking, they said, for a remedy for the scarcity of the circulating medium occasioned by the flow of silver to England and the constant calling in of the bills of credit of the several Provinces through the funds on which they were emitted. Their consultation with the governor was for the purpose of ascertaining if he favored the interposition of the Province in the form of a public loan of Province notes,—a plan of relief which had apparently been publicly discussed; and they understood his position to be that he would advocate their scheme both here and in England. The presentation of this petition caused Paul Dudley to forward a memorial

to the Governor and Council in opposition thereto, in which it is evident, as appears from language used in a subsequent pamphlet, that he pointed out certain defects and weaknesses in the proposed bank. It may be inferred that the whole matter was referred to the Board of Trade; for on the 20th of August the Council issued an order, of which the important points are as follows:—

Upon reading a memorial presented by the Queen's attorney-general, setting forth that upon good information a certain number of gentlemen and merchants are projecting a bank of credit, as they call it, . . . ordered that the projectors and undertakers of any such bank do not proceed to print the said scheme, or put the same on public record, make or emit any of their notes or bills, until they have laid their proposals before the General Assembly of this her Majesty's Province.

After the issue of this order the projectors remodelled their scheme, influenced perhaps by the criticisms of Dudley; for the scheme as set forth in his pamphlet differs from that which has already been described. Indeed, Dudley states in a postscript to his pamphlet that certain of his objections have been met or partially met by changes in the scheme. The proposition, as amended, was submitted to the October session of the General Court.

This application for the support and approval of the government aroused a spirit of bitter opposition, which manifested itself not only within the limits of the General Court, but found expression elsewhere. To forestall the argument that the bills thus proposed to be issued were needed as a circulating medium, the enemies of the scheme resorted to the means which had been foreseen by the petitioners, and introduced an act authorizing the Province to furnish Province bills to citizens on security of real estate. The two plans came to be designated as the Private Bank and the Public Bank. The General Court was so completely converted to the Public Bank that it authorized the issue of £50,000 in Province bills, to be

lent on real security, with provision for repayment of one-fifth of the principal each year with interest. Not only this: it also passed an order on the 5th of November forbidding any company or partnership from emitting bills of credit as a medium of exchange or trade without its consent and approbation.

The positive stand thus taken by the government in 1714 did not, however, put an entire stop to the discussion. The matter was still being agitated in December, 1715, when, at a town meeting held in Boston, the question was submitted whether the influence of the town should be given in favor of a public or a private bank. The agitation could only have been prolonged at this period by those who favored the private bank; and it is clear that they were signally defeated, since Boston not only voted to favor a public bank, but even went to the extent of placing on record the town's disapproval of a private bank. Hutchinson says, "The controversy had a universal spread, and divided towns, parishes, and particular families." The pamphleteers of the day did not devote themselves to the discussion of the proposition proclaimed in the London pamphlet of 1684 and 1688,—that land was a better security for bills than specie,—but mainly confined themselves to a rehearsal of the relative merits of a public or a private bank. The right of the projectors to go ahead, if they chose, in spite of the General Court, without incorporation and without pretence of being other than a mere partnership, was asserted by those who favored the Land Bank.

These facts are deduced from three controversial pamphlets published at that time. One, by Paul Dudley, was evidently published during the October session of the Assembly.\* A second, by an anonymous writer, endeavored

\* *Objections to the Bank of Credit lately projected at Boston. Being a Letter on that Occasion to John Burriel, Esq., Speaker of the House of Representatives of the Massachusetts Bay in New England.* Boston, 1714.

to meet Dudley's aspersions.\* This was evidently issued in November; and in its pages the writer asserts that the projectors have agreed by a humble petition to lay the matter "before his Majesty, praying for a charter of incorporation." The third was issued by the directors of the proposed bank in December,† and was published over the signatures of Samuel Lynde, E. Lyde, John Colman, Elisha Cooke, Jr., J. Oulton, Timothy Thornton, Oliver Noyes, William Pain, and Nathaniel Oliver. The General Court had in August ordered them not to print their scheme. In this pamphlet they assert that they have not hitherto done so, but, since their scheme has labored under needless aspersions, they have concluded to print it. The pamphlet, entitled *A Projection for erecting a Bank of Credit in Boston*, which has already been described, was probably the result of this conclusion; and, if so, it could not have been issued until some weeks after the projectors had been forbidden as a partnership to emit any bills of credit.

The Province having assumed the function of supplying the people with a currency by direct loans, there was no longer any opening for individuals to apply for charters for banks. Notwithstanding this fact, a pamphlet warfare was maintained on this subject for about seven years after this date. Then the discussion of the subject was dropped until Belcher was appointed governor in 1730. Shortly after this event it was renewed. It does not appear why there should have been a cessation of the discussion in 1721, but the coincidence with a loan of £50,000 to towns may suggest a cause. At any rate, the fact is conspicuous that in 1720 the discussion was active and acrimonious, and then suddenly ceased. Not much is to be gained

\* *A Letter from one in Boston to his Friends in the Country, in Answer to a Letter directed to John Burril. . . . Printed in the year 1714.*

† *A Vindication of the Bank of Credit projected in Boston from the Aspersions of Paul Dudley, Esq., in a Letter by him directed to John Burril, Esq., Late Speaker. . . . Printed in the year 1714.*

from the examination of the publications on banking at this period, yet some account of them is essential for the complete understanding of our subject. For this purpose we may take them up chronologically, in the order of their appearance.

The first of these pamphlets was issued anonymously in 1716. It was devoted to the discussion of "the several sorts of Banks propos'd as a medium of Trade."\* The "Projection" of 1714 was described, and condemned as being rather in the interests of the bankers than for public good. The emission of Province bills by the government, to be loaned on security at interest, was denounced as dangerous. A suggestion that the Province should issue public bills and loan them to towns in proportion to their rates was pronounced "most eligible." The proposition, however, which evidently met with the greatest favor of the writer, was for the establishment of what he called a "private bank" by business men, which should loan bills to subscribers, each of whom should give adequate security for the amount he should take out. The subscribers were to be responsible for the expenses of the bank, but were not to pay interest for the bills thus withdrawn. This process was to be kept up "till a competent cash be taken out, and then the books to be shut up and no more bills emitted." "Such a bank," the writer thought, "might be very useful as a medium of trade, and would soon obtain in this Province to be as good as the bills of the Colonies." Whether such a crude proposal as this met with public approval cannot now be determined, but it is at any rate significant as representing some trend of opinion in the community.

In the same year (1716) the government took a hand, launching on the market £100,000 in Province bills,

\* *Some Considerations upon the Several Sorts of Banks propos'd as a Medium of Trade, and Some Improvements that might be made in this Province hinted at.* Boston, 1716.



which were furnished proportionately to the counties, to be loaned out on real security on ten-year loans. The preamble of the act in which this was authorized alleges that it was done because all the silver in circulation was being sent to Great Britain to meet obligations there, while the bills of the Province were scarce in consequence of their being yearly called in. The discussion flagged for a year or two after this emission; but in 1719 a writer, who seems to have had clearer perceptions of the underlying difficulties of the situation than most of the pamphleteers possessed, suggested that, if the provincials would import fewer goods and rely more upon themselves, they would soon better their circumstances.\* "A thousand schemes," he says, "about banks and paper money would not help us like this."

In 1720 there were evident hopes that an Assembly might be elected which would favor a private bank. The discussion assumed, to a certain extent, a political phase; and John Colman, who became prominent in the later Land Bank scheme of 1740, took a hand in the controversy in his pamphlet on *The Distressed State of the Town of Boston*. For a time the answers to this pamphlet, the replies to the answers, and the vindications of those who replied, gave considerable animation to the discussion.†

\* *The Present Melancholy Circumstances of the Province considered and Methods for Redress humbly proposed in a Letter from one in the Country to one in Boston.* Boston, 1719.

† *The Distressed State of the Town of Boston, etc., considered in a Letter from a Gentleman in the Town to his Friend in the Country.* Boston, 1720.

I am indebted to Mr. C. A. Duniway for information that the Records of the General Sessions of the Peace for May, 1720, Suffolk Court House, contain the proceedings against Colman in a criminal suit for libel as the author of this pamphlet. The proceedings were instigated on information from the Council. Colman gave bonds, and on the 5th of July his recognizance was discharged. Felt alludes to this libel suit.

*A Letter from one in the Country to his Friend in Boston containing Some Remarks upon a Late Pamphlet entitled "The Distressed State of the Town of Boston," etc.* Boston, 1720.

*A Letter from a Gentleman containing Some Remarks upon the Several*

Colman was arrested for libel, but was shortly thereafter discharged on his own recognizance. In his pamphlet he reviewed the situation of affairs in the Province. He asserted that the people were suffering for the lack of a currency, that there was not enough for the ordinary transactions of life, and that this had occasioned a multiplicity of lawsuits. The attempted remedy for this, the act to shorten credits, had done more harm than good. The public bank then had outstanding more than three thousand score pounds, and nothing to pay it with. All the bills in circulation were needed to meet the interest on the loans; and, when that was paid, there would be none with which to pay the principal. Those who agreed with Colman repeated his arguments, while those who opposed him asserted that the distressed state of trade was not due to want of bills. The emission of more bills would increase the evil. The true remedy, it was suggested, was to shorten credit.

The controversy provoked by Colman's *Distressed State of the Town of Boston* was entirely disproportionate to its value. He was influenced by it, however, to take up the pen once more in 1720.\* It would be useless to reproduce his arguments or his personalities, but a specific proposition for a bank which he includes in this second pamphlet deserves notice. This bank was to be founded upon land, and any inhabitant having an estate in land might be a partner. The rate of interest on loans was to be six per cent., and the excess of the interest above expenses was

*Answers given unto Mr. Colman's Pamphlet entitled "The Distressed State of the Town of Boston," etc.* Boston, 1720.

*A Vindication of the Remarks of one in the Country upon the Distressed State of Boston from Some Exceptions made against 'em in a Letter to Mr. Colman.* Boston, 1720.

\* *The Distressed State of the Town of Boston once more considered, and Methods for Redress humbly proposed. With Remarks on the Pretended Countryman's Answer to the Book entitled "The Distressed State of the Town of Boston," etc. With a Schæme for a Bank laid down, and Methods for bringing in Silver Money proposed.* By John Colman. Boston, 1720.

to be held until the profits amounted to the original sum emitted. Borrowers were to be paid in bank notes or bank credits. It is a vanity, he adds, to think that a private bank would answer, unless the government supported and encouraged it by suitable laws, as they have done with Province bills.

Most of the pamphlets of this period are very brief and crude. They simply rehearse the opinions and hopes of the writers, with little attempt at logic or argument. One among those which appeared in 1720 shows some skill in construction.\* Trade, the writer says, is necessary for prosperity. It requires some medium, and that must be based upon the produce of the country. In order that trade should be advantageous, exports should exceed imports. The medium of exchange will follow such a trade, will be gained by it, and, once acquired, will remain as long as the balance is on the right side. Trade can only be preserved where a people are diligent and frugal. Where such a people want money, it may be useful for them to use their credit; and the writer concludes that the restoring and upholding public credit is a good way to put an end to these controversies.

One method suggested for the relief of trade in a pamphlet issued in 1720 was for the emission of one hundred thousand pounds in Province bills, to be lent without interest to merchants on sufficient real security. The loans were to be repaid in annual instalments in silver at a specified rate. The silver thus received in the treasury was to be applied in redemption of the outstanding currency.† It appears from references made by the author

\* *Reflections on the Present State of the Province of Massachusetts Bay in General and Town of Boston in Particular, relating to Bills of Credit and the Support of Trade by them; as the Same has been lately represented in Several Pamphlets.* New England, 1720.

† *A Project for the Emission of an Hundred Thousand Pounds of Province Bills in Such a Manner as to keep their Credit up Equal to Silver and to bring an Hundred Thousand Pounds of Silver Money into the Country in a Few Years.* Boston, 1720.

that he had already contributed two letters to the controversy.—Still another proposition in that year was that there should be a Province bank established, which should furnish bills upon any sufficient security for a term of twenty-one years, the debtor to pay the same at the rate of six per cent. per annum, beginning the second year, “in hemp, flax, turpentine, pitch, tar, rosin, fish, oil, whalebone, or any other specie that would prevent importation or that was good for exportation, especially what the Crown and nation of Great Britain encouraged.”\* The twenty annual payments of six per cent. were to extinguish the obligation of the debtor to the bank. The more the farmer takes out of the public bank and pays in hemp, etc., says the writer, the richer the Province will be. The proposal to make the notes thus to be issued by the Province bank payable in commodities is of interest, as it is the first suggestion of the experiment which was afterwards put in force by the Land Bank of 1740.

Felt quotes from a reply of the House of Representatives to the governor’s speech, in March, 1721, a statement to the effect that it was the judgment of the House that the premium in silver could have been prevented by an act to hinder the buying and selling, bartering or exchanging, silver money above a certain rate; and, further, that they (the House) believed that even then by passing such an act they could prevent further depreciation of the bills.† The violence of the attacks made in one of the pamphlets in 1720 caused the House to allude to the publication by title in this official document.‡ At this

\* *Some Proposals to benefit the Province.* Boston, 1720.

† Felt’s *Massachusetts Currency*, p. 77.

‡ Mr. Trumbull in the Brinley Catalogue quotes the title of this pamphlet from Hutchinson as *News from Robinson Crusoe’s Island*. Hutchinson gives the extract from the reply of the House in which they allude to the pamphlet (Hutchinson, ii. 223). *News from Robinson Crusoe’s Island* was the forerunner of a series of pamphlets purporting to emanate from the same locality. The Brinley Catalogue gives their titles and some details connected with them.

same date, in March, 1721, a pamphlet was published, in which it was stated that there were two parties in the Province, one of which attributed all the evils under which they suffered to paper money, while the other asserted that the troubles were caused by lack of a medium of trade.\* To the author of the pamphlet the true cause of the trouble seemed to be the extravagant consumption of foreign commodities, and he was of opinion that the issue of more bills would act upon the disease like a cordial. The proper foundation for a system of paper money he declared to be the produce or movables which could be spared for exportation, and not real estate. A medium of exchange should have known value, and should be easy of transportation. The value of notes always depends upon "the fund of the bank." If this fund is movable, it can be made use of to redeem the bills. Land is not available for such a purpose. The abundance of a medium of exchange depends upon the industry and prudence of the people. Overtrading will throw this medium into the hands of creditors. This will be dangerous, if the fund be based upon

One, entitled *Reflections upon Reflections; or, More News from Robinson Cruso's Island*, was attributed to Elisha Cook. *News from the Moon* was a satire aimed at the House for proceedings against the printer of one of the *Cruso* pamphlets.

*A Letter to an Eminent Clergyman in the Massachusetts Bay, containing Some Just Remarks and Necessary Cautions relating to Public Affairs in that Province*, printed in the year 1720, is devoted to the advocacy of a paper currency. It contains an advertisement announcing as forthcoming *The Saddle set on the Right Horse, Cruso's Island*, 1721.

Another pamphlet of this series is entitled *New News from Robinson Cruso's Island, in a Letter to a Gentleman at Portsmouth, Cruso's Island*, printed in the year 1720. It was perhaps intended as a counter-attack in consequence of the publication of *News from Cruso's Island*. It is directed against the "wretched misers" into whose hands the paper credit outstanding has fallen. The spring and source of the opposition to the emission of more "paper credit" was attributed to covetousness, envy, pride, and hypocrisy. "Is it any wonder," says the writer, "that a few muck-worms who have monopolized vast hoards of bills should oppose more bills?"

\* *A Discourse shewing that the Real First Cause of the Straits and Difficulties of this Province of the Massachusetts Bay is its Extravagance, and not Paper Money, etc.* By PhilopatRIA. Boston, 1721.

lands. Merchants cannot be relied upon to maintain the bills. "I am credibly informed," he says, "that at the last session of the General Court, when the bill passed in the lower House for emitting a sum of paper money, the merchants immediately raised twenty-five per cent. upon their goods." Nevertheless, he recommended a five-year loan of Province bills to towns. This recommendation evidently was in accord with the opinions generally held. The Assembly was at that time discussing this proposition to emit Province bills for distribution among towns; and on March 31, 1721, an act was passed by which £50,000 was apportioned among the towns on the basis of the last tax, to be withdrawn by taxes in five annual instalments, in the years 1726-30.

In one among the pamphlets issued in this year (1721)\* the paper money of the times was attacked. Had there not been men of substance in this country, says the writer, some that had money and some that had goods, you might have made paper bills till you had been blind, they would not have fed your bellies nor have clothed your backs. On the other hand, another was issued this same year in advocacy of a private bank. Though somewhat quaint and gossipy in style, it yet stated its main points in specific propositions, and, following a favorite method of the day, furnished a series of answers to conjectural objections.† Mr. Trumbull has identified the author with

\* *The Second Part of South Sea Stock, being an Inquiry into the Original of Province Bills or Bills of Credit, now in Use in his Majesty's Plantations, more especially in New England, with Some Thoughts relating to the Advantage or Hurt done by emitting the Said Bills.* Boston, 1721.

† *A Word of Comfort to a Melancholy Country, or the Banks of Credit erected in the Massachusetts Bay, fairly defended by a Discovery of the Great Benefit accruing Legitimately to the (sic) whole Province, with a Remedy for Recovering a Civil State when sinking under Desperation by Defeat on their Bank of Credit.* By Amicus Patriæ. Boston, 1721.

The publication of *A Word of Comfort, etc.*, called forth an attack under the guise of an advertisement, dated at Castle William, in which the private affairs of the author of the pamphlet were referred to. To this advertisement the writer replied in a brief pamphlet entitled *A Friendly Check from a Kind*

Rev. John Wise, of Chebacco (Essex). A medium of trade, says this writer, need not be costly if it be but convenient and safe. The more cost and intrinsic worth a medium carries with it, or the more valuable it is in itself, the less useful it will be in supporting a universal trade and commerce. Comparing coin and paper as mediums of trade, he says the money medium from its costly and valuable nature is very inconstant, unfixed, and volatile. The Province can create a medium which will do better than money, and this may be by a public or a private bank of credit. The latter he prefers. He would have it incorporated, and thinks it should be managed by men of known integrity, of real estates, good influence, and considerable trade.

This was the last appeal for a private bank for a number of years. The distribution of Province notes among the towns seems to have put an end to the hopes of these agitators for the time being. In pursuance of the policy already established in that regard, £60,000 in Province bills were once more distributed proportionately among the towns in February, 1728, for the use of which four per cent. was to be paid to the Province, the loan to be called through five annual instalments in the tax levies of 1734-38. During the rest of the decade 1720-30 nothing more was heard of bank schemes and bank issues. The discussion did not again emerge till the next decade, when it led finally to the Land Bank Scheme of 1740.

ANDREW MCFARLAND DAVIS.

*Relative to the Chief Cannoneer, founded on a Late Information dated N.E., Castle William, 1720, 21.* The object of the pamphlet, he says, was to make known a desire that, if any gentleman think it agreeable with the interests of the Province to write in opposition to *Amicus Patriæ*, they will do it solidly, and not peevishly. In an appended letter addressed to his son, he gives an account of his affairs in connection with a loan from the public bank, and says that what he had written was purely in love to his country, that all men in their affairs might be as prosperous as he was. The advertisement dated at Castle William is reproduced on the 7th and last page.